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Jacobsen, Henrik; Hansen, Lise-Lotte Pade; Schröder, Sascha Thorsten; Kitzing, Lena

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# Joint support schemes for renewable generation and barriers for implementation

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Henrik Klinge Jacobsen<sup>a</sup> Lise Lotte Pade Hansen<sup>a</sup>; Sascha Thorsten Schröder<sup>a</sup>; Lena Kitzing<sup>a</sup>

<sup>a</sup>Risø National Laboratory for Sustainable Energy, Technical University of Denmark,  
Systems Analysis Division, P.O. Box 49, DK-4000 Roskilde, Denmark

## Abstract

*EU has opened for using joint support schemes as support for promoting renewable energy to meet the 2020 targets. Countries are supporting renewable investment by many different types of support and with different levels of support. The potential coordination benefits with more efficient localization and composition of renewable investment can be partly achieved by creating new areas/sub-segments of renewable technologies where support costs and credits are shared.*

*We address how, for example, feed-in tariffs can be set at levels that diverge from the rest of the national renewable market without distorting the intended investment distribution between locations. The combinations of electricity generation sold at one market (country) and the support provided partly by another country can be compensated by renewable credits. Other barriers for joint support such as regulation regarding connection of supported capacity to different networks and cost sharing rules for electricity transmission expansion is also covered and solutions suggested.*

*Barriers also include the influence on domestic/regional power market prices. One market will be influenced by for example wind expansion with lower prices that will affect existing conventional producers. Supporting that development will be opposed by producers whereas consumers will support such a strategy. However, the investment will be influenced by decisions of producers and the option of securing connection to other markets with higher market prices could reduce the effect of capacity on the market price.*

*Countries that are not coordinating support for renewable might induce inefficient investment in new capacity that would have been more beneficial elsewhere and could still have provided the same contribution to meeting the 2020 RES targets. The countries might also find themselves competing for investment in a market with limited capital available. In both cases, the cost-efficiency of the renewable support policies will be reduced from a coordinated solution.*

*Possible policy solutions are suggested for joint support schemes and joint projects and consequences. The preliminary results point to a considerable potential benefit and there are promising solutions to overcome the barriers. For example, implementing a special cross-border offshore zone where a joint support scheme could be implemented is a promising option.*

**Keywords:** joint support schemes, policy coordination, renewables